

# SENATE BILL No. 118

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 36-7.

**Synopsis:** Redevelopment commissions and authorities. Provides that a redevelopment commission may not enter into any obligation payable from public funds without first obtaining the approval of the legislative or fiscal body of the unit that established the commission. Provides an exception if the obligation is for the acquisition of real property and the payments are for three years or less or the purchase price is less than \$5,000,000. Specifies that the approving ordinance or resolution must include certain items. Provides that a redevelopment commission and a department of redevelopment are subject to oversight by the legislative body of the unit, including review by the legislative body of annual budgets. Specifies that a redevelopment commission and a department of redevelopment are subject to the same laws, rules, and ordinances of a general nature that apply to all other commissions or departments of the unit. Specifies that a redevelopment commission, a department of redevelopment, and a redevelopment authority are subject to audit by the state board of accounts and covered by the public meetings and public records laws. Requires a redevelopment commission to provide to the legislative body of the unit at a public meeting all the information supporting the action the redevelopment commission proposes to take regarding the sale, transfer, or other disposition of property. Provides that if the amount of excess assessed value determined by the commission is expected to generate more than 200% of the amount of allocated tax proceeds necessary to carry out the commission's plan, a determination of the amount of the excess available to other taxing units by the commission must be approved by the legislative body of the unit. Permits the legislative body of the unit

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**Effective:** July 1, 2014.

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**Miller Pete**

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January 8, 2014, read first time and referred to Committee on Tax and Fiscal Policy.

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## Digest Continued

to modify the commission's determination with respect to the amount of excess assessed value. Requires the treasurer of a redevelopment commission outside Indianapolis and the secretary-treasurer of a redevelopment authority outside Indianapolis to report quarterly to the fiscal officer of the unit that established the commission or authority. Provides that the Indianapolis controller is the fiscal officer of the redevelopment commission and redevelopment authority in Indianapolis. Authorizes the Indianapolis controller to obtain financial services on a contractual basis.



Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## SENATE BILL No. 118

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 36-7-14-0.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2014]: **Sec. 0.5. (a) The definitions in this section apply**  
4 **throughout this chapter.**

5       **(b) "Obligation" means any bond, note, warrant, lease, or other**  
6 **instrument under which money is borrowed.**

7       **(c) "Public funds" means all fees, payments, tax receipts, and**  
8 **funds of whatever kind or character coming into the possession of**  
9 **a:**

10       **(1) redevelopment commission; or**

11       **(2) department of redevelopment.**

12       SECTION 2. IC 36-7-14-2.5, AS AMENDED BY P.L.221-2007,  
13 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
14 JULY 1, 2014]: **Sec. 2.5. (a) The assessment, planning, replanning,**  
15 **remediation, development, and redevelopment of economic**



development areas:

(1) are public and governmental functions that cannot be accomplished through the ordinary operations of private enterprise because of:

(A) the necessity for requiring the proper use of the land so as to best serve the interests of the county and its citizens; and

(B) the costs of these projects;

(2) will:

(A) benefit the public health, safety, morals, and welfare;

(B) increase the economic well-being of the unit and the state; and

(C) serve to protect and increase property values in the unit and the state; and

(3) are public uses and purposes for which public money may be spent and private property may be acquired.

(b) This section and sections 41 and 43 of this chapter shall be liberally construed to carry out the purposes of this section.

**(c) Except as provided in subsection (d), a redevelopment commission may not enter into any obligation payable from public funds without first obtaining the approval, by ordinance or resolution, of the legislative body of the unit.**

**(d) A redevelopment commission is not required to obtain the approval of the legislative body of the unit under this section if:**

**(1) the obligation is for the acquisition of real property under this chapter; and**

**(2) the agreement to acquire the real property requires the redevelopment commission to:**

**(A) make payments for the real property to be acquired for a term of three (3) years or less; or**

**(B) purchase the real property for a cost of less than five million dollars (\$5,000,000).**

**A redevelopment commission may not enter into an obligation payable from public funds, other than an obligation described in this subsection, unless the redevelopment commission first obtains the approval of the legislative body of the unit as provided in subsection (c).**

**(e) The approving ordinance or resolution of a legislative body under subsection (c) must include the following:**

**(1) The maximum amount of the obligation.**

**(2) The maximum interest rate or rates, any provisions for redemption before maturity, and any provisions for the payment of capitalized interest associated with the obligation.**



**(3) The maximum term of the obligation.**

SECTION 3. IC 36-7-14-3, AS AMENDED BY P.L.190-2005, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 3. (a) A unit may establish a department of redevelopment controlled by a board of five (5) members to be known as "\_\_\_\_\_ Redevelopment Commission", designating the name of the municipality or county. However, in the case of a county, the county executive may adopt an ordinance providing that the county redevelopment commission consists of seven (7) members.

**(b) A redevelopment commission and a department of redevelopment are subject to oversight by the legislative body of the unit, including a review by the legislative body of the commission's and department's annual budget. A redevelopment commission and a department of redevelopment are:**

**(1) subject to audit by the state board of accounts under IC 5-11;**

**(2) covered by IC 5-14-1.5 (the public meetings law); and**

**(3) covered by IC 5-14-3 (the public records law).**

~~(b)~~ **(c)** Subject to section 3.5 of this chapter, all of the territory within the corporate boundaries of a municipality constitutes a taxing district for the purpose of levying and collecting special benefit taxes for redevelopment purposes as provided in this chapter. Subject to section 3.5 of this chapter, all of the territory in a county, except that within a municipality that has a redevelopment commission, constitutes a taxing district for a county.

~~(c)~~ **(d)** All of the taxable property within a taxing district is considered to be benefited by redevelopment projects carried out under this chapter to the extent of the special taxes levied under this chapter.

SECTION 4. IC 36-7-14-8, AS AMENDED BY P.L.190-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 8. (a) The redevelopment commissioners shall hold a meeting for the purpose of organization not later than thirty (30) days after they are appointed and, after that, each year on the first day in January that is not a Saturday, a Sunday, or a legal holiday. They shall choose one (1) of their members as president, another as vice president, and another as secretary. These officers shall perform the duties usually pertaining to their offices and shall serve from the date of their election until their successors are elected and qualified.

(b) The redevelopment commission may appoint a treasurer who need not be a member of the redevelopment commission. The redevelopment commission may provide for the payment of compensation to a treasurer who is not a member of the redevelopment



commission. Notwithstanding any other provision of this chapter, the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of this chapter. However, the treasurer may not perform any duties of the fiscal officer or any other officer of the unit that are prescribed by section 24 of this chapter or by any provisions of this chapter that pertain to the issuance and sale of bonds, notes, or warrants of the special taxing district. **The treasurer shall report quarterly to the fiscal officer of the unit.**

(c) The redevelopment commissioners may adopt the rules and bylaws they consider necessary for the proper conduct of their proceedings, the carrying out of their duties, and the safeguarding of the money and property placed in their custody by this chapter. In addition to the annual meeting, the commissioners may, by resolution or in accordance with their rules and bylaws, prescribe the date and manner of notice of other regular or special meetings.

(d) This subsection does not apply to a county redevelopment commission that consists of seven (7) members. Three (3) of the redevelopment commissioners constitute a quorum, and the concurrence of three (3) commissioners is necessary to authorize any action.

(e) This subsection applies only to a county redevelopment commission that consists of seven (7) members. Four (4) of the redevelopment commissioners constitute a quorum, and the concurrence of four (4) commissioners is necessary to authorize any action.

SECTION 5. IC 36-7-14-12.2, AS AMENDED BY P.L.221-2007, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 12.2. (a) The redevelopment commission may do the following:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of areas needing redevelopment that are located within the corporate boundaries of the unit.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of areas needing redevelopment on the terms and conditions that the commission considers best for the unit and its inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property



acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Enter on or into, inspect, investigate, and assess real property and structures acquired or to be acquired for redevelopment purposes to determine the existence, source, nature, and extent of any environmental contamination, including the following:

(A) Hazardous substances.

(B) Petroleum.

(C) Other pollutants.

(6) Remediate environmental contamination, including the following, found on any real property or structures acquired for redevelopment purposes:

(A) Hazardous substances.

(B) Petroleum.

(C) Other pollutants.

(7) Repair and maintain structures acquired for redevelopment purposes.

(8) Remodel, rebuild, enlarge, or make major structural improvements on structures acquired for redevelopment purposes.

(9) Survey or examine any land to determine whether it should be included within an area needing redevelopment to be acquired for redevelopment purposes and to determine the value of that land.

(10) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any area needing redevelopment within the jurisdiction of the commissioners.

(11) Institute or defend in the name of the unit any civil action.

(12) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the department of redevelopment.

(13) Exercise the power of eminent domain in the name of and within the corporate boundaries of the unit in the manner prescribed by section 20 of this chapter.

(14) Appoint an executive director, appraisers, real estate experts, engineers, architects, surveyors, and attorneys.

(15) Appoint clerks, guards, laborers, and other employees the



commission considers advisable, except that those appointments must be made in accordance with the merit system of the unit if such a system exists.

(16) Prescribe the duties and regulate the compensation of employees of the department of redevelopment.

(17) Provide a pension and retirement system for employees of the department of redevelopment by using the Indiana public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development.

(18) Discharge and appoint successors to employees of the department of redevelopment subject to subdivision (15).

(19) Rent offices for use of the department of redevelopment, or accept the use of offices furnished by the unit.

(20) Equip the offices of the department of redevelopment with the necessary furniture, furnishings, equipment, records, and supplies.

(21) Expend, on behalf of the special taxing district, all or any part of the money of the special taxing district.

(22) Contract for the construction of:

(A) local public improvements (as defined in IC 36-7-14.5-6) or structures that are necessary for redevelopment of areas needing redevelopment or economic development within the corporate boundaries of the unit; or

(B) any structure that enhances development or economic development.

(23) Contract for the construction, extension, or improvement of pedestrian skyways.

(24) Accept loans, grants, and other forms of financial assistance from the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

(25) Provide financial assistance (including grants and loans) to enable individuals and families to purchase or lease residential units within the district. However, financial assistance may be provided only to individuals and families whose income is at or below the unit's median income for individuals and families, respectively.

(26) Provide financial assistance (including grants and loans) to neighborhood development corporations to permit them to:

(A) provide financial assistance for the purposes described in subdivision (25); or

(B) construct, rehabilitate, or repair commercial property





1 within the district.  
 2 (27) Require as a condition of financial assistance to the owner of  
 3 a multiple unit residential structure that any of the units leased by  
 4 the owner must be leased:

5 (A) for a period to be determined by the commission, which  
 6 may not be less than five (5) years;

7 (B) to families whose income does not exceed eighty percent  
 8 (80%) of the unit's median income for families; and

9 (C) at an affordable rate.

10 (b) Conditions imposed by the commission under subsection (a)(27)  
 11 remain in force throughout the period determined under subsection  
 12 (a)(27)(A), even if the owner sells, leases, or conveys the property. The  
 13 subsequent owner or lessee is bound by the conditions for the  
 14 remainder of the period.

15 (c) As used in this section, "pedestrian skyway" means a pedestrian  
 16 walkway within or outside of the public right-of-way and through and  
 17 above public or private property and buildings, including all structural  
 18 supports required to connect skyways to buildings or buildings under  
 19 construction. Pedestrian skyways constructed, extended, or improved  
 20 over or through public or private property constitute public property  
 21 and public improvements, constitute a public use and purpose, and do  
 22 not require vacation of any public way or other property.

23 (d) All powers that may be exercised under this chapter by the  
 24 redevelopment commission may also be exercised by the  
 25 redevelopment commission in carrying out its duties and purposes  
 26 under IC 36-7-14.5. **However, if a power pertains to issuing bonds**  
 27 **or incurring an obligation, the exercise of the power must first be**  
 28 **specifically approved by the fiscal or legislative body of the unit,**  
 29 **whichever applies.**

30 SECTION 6. IC 36-7-14-13, AS AMENDED BY P.L.218-2013,  
 31 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 32 JULY 1, 2014]: Sec. 13. (a) Not later than March 15 of each year, the  
 33 redevelopment commissioners or their designees shall file with the  
 34 unit's executive a report setting out their activities during the preceding  
 35 calendar year.

36 (b) The report of the commissioners of a municipal redevelopment  
 37 commission must show the names of the then qualified and acting  
 38 commissioners, the names of the officers of that body, the number of  
 39 regular employees and their fixed salaries or compensation, the amount  
 40 of the expenditures made during the preceding year and their general  
 41 purpose, an accounting of the tax increment revenues expended by any  
 42 entity receiving the tax increment revenues as a grant or loan from the



commission, the amount of funds on hand at the close of the calendar year, and other information necessary to disclose the activities of the commissioners and the results obtained.

(c) The report of the commissioners of a county redevelopment commission must show all the information required by subsection (b), plus the names of any commissioners appointed to or removed from office during the preceding calendar year.

(d) A copy of each report filed under this section must be submitted to the department of local government finance in an electronic format.

(e) Before August 1 each year, the redevelopment commissioners shall also submit a report to the fiscal body of the unit. The report must include the following information set forth for each tax increment financing district regarding the previous year:

(1) Revenues received.

(2) Expenses paid.

(3) Fund balances.

(4) The amount and maturity date for all outstanding obligations.

(5) The amount paid on outstanding obligations.

(6) A list of all the parcels included in each tax increment financing district allocation area and the base assessed value and incremental assessed value for each parcel in the list.

Before October 1 each year, the fiscal body shall compile the reports received for all the tax increment financing districts and submit a comprehensive report to the department of local government finance in the form required by the department of local government finance.

**(e) A redevelopment commission and a department of redevelopment are subject to the same laws, rules, and ordinances of a general nature that apply to all other commissions or departments of the unit.**

SECTION 7. IC 36-7-14-19, AS AMENDED BY P.L.185-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 19. (a) If no appeal is taken or if an appeal is taken but is unsuccessful, the redevelopment commission shall proceed with the proposed project to the extent that money is available for that purpose.

(b) The redevelopment commission shall first approve and adopt a list of the real property and interests in real property to be acquired and the price to be offered to the owner of each parcel of interest. The prices to be offered may not exceed the average of two (2) independent appraisals of fair market value procured by the commission except that appraisals are not required in transactions with other governmental agencies. However, if the real property is less than five (5) acres in size



1 and the fair market value of the real property or interest has been  
 2 appraised by one (1) independent appraiser at less than ten thousand  
 3 dollars (\$10,000), the second appraisal may be made by a qualified  
 4 employee of the department of redevelopment. The prices indicated on  
 5 the list may not be exceeded unless specifically authorized by the  
 6 commission or ordered by a court in condemnation proceedings. The  
 7 commission may except from acquisition any real property in the area  
 8 if the commission finds that such an acquisition is not necessary under  
 9 the redevelopment plan. Appraisals made under this section are for the  
 10 information of the commission and are not open for public inspection.

11 (c) Negotiations for the purchase of property may be carried on  
 12 directly by the redevelopment commission, by its employees, or by  
 13 expert negotiations, but no option, contract, or understanding relative  
 14 to the purchase of real property is binding on the commission until  
 15 approved and accepted by the commission in writing. The commission  
 16 may authorize the payment of a nominal fee to bind an option and as a  
 17 part of the consideration for conveyance may agree to pay the expense  
 18 incident to the conveyance and determination of the title of the  
 19 property. Payment for the property purchased shall be made when and  
 20 as directed by the commission but only on delivery of proper  
 21 instruments conveying the title or interest of the owner to the "City  
 22 (Town or County) of \_\_\_\_\_ for the use and benefit of its  
 23 department of redevelopment". **Notwithstanding the other provisions**  
 24 **of this subsection, any agreement by the commission to:**

25 **(1) make payments for the property to be purchased for a**  
 26 **term exceeding three (3) years; or**

27 **(2) pay a purchase price for the property that exceeds five**  
 28 **million dollars (\$5,000,000);**

29 **is subject to the prior approval of the legislative body of the unit.**

30 (d) All real property and interests in real property acquired by the  
 31 redevelopment commission are free and clear of all liens, assessments,  
 32 and other governmental charges except for current property taxes,  
 33 which shall be prorated to the date of acquisition.

34 (e) Notwithstanding subsections (a) through (d), the redevelopment  
 35 commission may, before the time referred to in this section, accept gifts  
 36 of property needed for the redevelopment of redevelopment project  
 37 areas if the property is free and clear of all liens other than taxes,  
 38 assessments, and other governmental charges. The commission may,  
 39 before the time referred to in this section, take options on or contract  
 40 for the acquisition of property needed for the redevelopment of  
 41 redevelopment project areas if the options and contracts are not binding  
 42 on the commission or the district until the time referred to in this



1 section and until money is available to pay the consideration set out in  
2 the options or contracts.

3 SECTION 8. IC 36-7-14-22.5, AS AMENDED BY P.L.118-2013,  
4 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2014]: Sec. 22.5. (a) This section applies to the following:

6 (1) Real property:

7 (A) that was acquired by the commission to carry out a  
8 redevelopment project, an economic development area project,  
9 or an urban renewal project; and

10 (B) relative to which the commission has, at a public hearing,  
11 decided that the real property is not needed to complete the  
12 redevelopment activity, an economic development activity, or  
13 urban renewal activity in the project area.

14 (2) Real property acquired under this chapter that is not in a  
15 redevelopment project area, economic development area, or an  
16 urban renewal project area.

17 (3) Parcels of property secured from the county under  
18 IC 6-1.1-25-9(e) that were acquired by the county under  
19 IC 6-1.1-24 and IC 6-1.1-25.

20 (4) Real property donated or transferred to the commission to be  
21 held and disposed of under this section.

22 However, this section does not apply to property acquired under section  
23 32.5 of this chapter.

24 (b) The commission may do the following to or for real property  
25 described in subsection (a):

26 (1) Examine, classify, manage, protect, insure, and maintain the  
27 property.

28 (2) Eliminate deficiencies (including environmental deficiencies),  
29 carry out repairs, remove structures, and make improvements.

30 (3) Control the use of the property.

31 (4) Lease the property.

32 (5) Use any powers under section 12.2 of this chapter in relation  
33 to the property.

34 (c) The commission may enter into contracts to carry out part or all  
35 of the functions described in subsection (b).

36 (d) The commission may extinguish all delinquent taxes, special  
37 assessments, and penalties relative to real property donated to the  
38 commission to be held and disposed of under this section. The  
39 commission shall provide the county auditor with a list of the real  
40 property on which delinquent taxes, special assessments, and penalties  
41 are extinguished under this subsection.

42 (e) **Subject to the prior approval by the legislative body of the**



1 **unit**, real property described in subsection (a) may be sold, exchanged,  
 2 transferred, granted, donated, or otherwise disposed of in any of the  
 3 following ways:

4 (1) In accordance with section 22, 22.2, 22.6, or 22.7 of this  
 5 chapter.

6 (2) In accordance with the provisions authorizing an urban  
 7 homesteading program under IC 36-7-17 or IC 36-7-17.1.

8 **The commission shall provide to the legislative body of the unit at**  
 9 **a public meeting all the information supporting the action the**  
 10 **commission proposes to take under this subsection, including any**  
 11 **terms and conditions to which the commission would have to agree**  
 12 **to carry out the action.**

13 (f) In disposing of real property under subsection (e), the  
 14 commission may:

15 (1) group together properties for disposition in a manner that will  
 16 best serve the interest of the community, from the standpoint of  
 17 both human and economic welfare; and

18 (2) group together nearby or similar properties to facilitate  
 19 convenient disposition.

20 SECTION 9. IC 36-7-14-25.1, AS AMENDED BY P.L.203-2011,  
 21 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 22 JULY 1, 2014]: Sec. 25.1. (a) In addition to other methods of raising  
 23 money for property acquisition or redevelopment in a redevelopment  
 24 project area, and in anticipation of the special tax to be levied under  
 25 section 27 of this chapter, the taxes allocated under section 39 of this  
 26 chapter, or other revenues of the district, or any combination of these  
 27 sources, the redevelopment commission may, by **bond** resolution and  
 28 subject to ~~subsection~~ **subsections (c) and (p)**, issue the bonds of the  
 29 special taxing district in the name of the unit. The amount of the bonds  
 30 may not exceed the total, as estimated by the commission, of all  
 31 expenses reasonably incurred in connection with the acquisition and  
 32 redevelopment of the property, including:

33 (1) the total cost of all land, rights-of-way, and other property to  
 34 be acquired and redeveloped;

35 (2) all reasonable and necessary architectural, engineering, legal,  
 36 financing, accounting, advertising, bond discount, and  
 37 supervisory expenses related to the acquisition and redevelopment  
 38 of the property or the issuance of bonds;

39 (3) capitalized interest permitted by this chapter and a debt  
 40 service reserve for the bonds to the extent the redevelopment  
 41 commission determines that a reserve is reasonably required; and

42 (4) expenses that the redevelopment commission is required or



permitted to pay under IC 8-23-17.

(b) If the redevelopment commission plans to acquire different parcels of land or let different contracts for redevelopment work at approximately the same time, whether under one (1) or more resolutions, the commission may provide for the total cost in one (1) issue of bonds.

(c) **The legislative body of the unit must adopt a resolution that specifies the public purpose of the bond, the use of the bond proceeds, the maximum principal amount of the bond, the term of the bond, and the maximum interest rate or rates of the bond, any provision for redemption before maturity, and any provision for the payment of capitalized interest.** The bonds must be dated as set forth in the bond resolution and negotiable, subject to the requirements of the bond resolution for registering the bonds. The resolution authorizing the bonds must state:

- (1) the denominations of the bonds;
  - (2) the place or places at which the bonds are payable; and
  - (3) the term of the bonds, which may not exceed:
    - (A) fifty (50) years, for bonds issued before July 1, 2008;
    - (B) thirty (30) years, for bonds issued after June 30, 2008, to finance:
      - (i) an integrated coal gasification powerplant (as defined in IC 6-3.1-29-6);
      - (ii) a part of an integrated coal gasification powerplant (as defined in IC 6-3.1-29-6); or
      - (iii) property used in the operation or maintenance of an integrated coal gasification powerplant (as defined in IC 6-3.1-29-6);
- that received a certificate of public convenience and necessity from the Indiana utility regulatory commission under IC 8-1-8.5 et seq. before July 1, 2008; or
- (C) twenty-five (25) years, for bonds issued after June 30, 2008, that are not described in clause (B).

The **bond** resolution may also state that the bonds are redeemable before maturity with or without a premium, as determined by the redevelopment commission.

(d) The redevelopment commission shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds, subject to ~~subsection~~ **subsections (c) and (p)**. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(e) The bonds must be executed by the appropriate officer of the



unit and attested by the municipal or county fiscal officer.

(f) The bonds are exempt from taxation for all purposes.

(g) The municipal or county fiscal officer shall give notice of the sale of the bonds by publication in accordance with IC 5-3-1. The municipal fiscal officer, or county fiscal officer or executive, shall sell the bonds to the highest bidder, but may not sell them for less than ninety-seven percent (97%) of their par value. However, bonds payable solely or in part from tax proceeds allocated under section 39(b)(3) of this chapter, or other revenues of the district may be sold at a private negotiated sale.

(h) Except as provided in subsection (i), a redevelopment commission may not issue the bonds when the total issue, including bonds already issued and to be issued, exceeds two percent (2%) of the adjusted value of the taxable property in the special taxing district, as determined under IC 36-1-15.

(i) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the redevelopment commission:

(1) from a special tax levied upon all of the property in the taxing district, as provided by section 27 of this chapter;

(2) from the tax proceeds allocated under section 39(b)(3) of this chapter;

(3) from other revenues available to the redevelopment commission; or

(4) from a combination of the methods stated in subdivisions (1) through (3).

If the bonds are payable solely from the tax proceeds allocated under section 39(b)(3) of this chapter, other revenues of the redevelopment commission, or any combination of these sources, they may be issued in any amount ~~without limitation.~~ **not to exceed the maximum amount approved by the legislative body in the resolution described in subsection (c).**

(j) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issuance.

(k) All laws relating to the giving of notice of the issuance of bonds, the giving of notice of a hearing on the appropriation of the proceeds of the bonds, the right of taxpayers to appear and be heard on the proposed appropriation, and the approval of the appropriation by the department of local government finance apply to all bonds issued under this chapter that are payable from the special benefits tax levied pursuant to section 27 of this chapter or from taxes allocated under



1 section 39 of this chapter.

2 (l) All laws relating to:

3 (1) the filing of petitions requesting the issuance of bonds; and

4 (2) the right of:

5 (A) taxpayers and voters to remonstrate against the issuance of  
6 bonds in the case of a proposed bond issue described by  
7 IC 6-1.1-20-3.1(a); or

8 (B) voters to vote on the issuance of bonds in the case of a  
9 proposed bond issue described by IC 6-1.1-20-3.5(a);

10 apply to bonds issued under this chapter except for bonds payable  
11 solely from tax proceeds allocated under section 39(b)(3) of this  
12 chapter, other revenues of the redevelopment commission, or any  
13 combination of these sources.

14 (m) If a debt service reserve is created from the proceeds of bonds,  
15 the debt service reserve may be used to pay principal and interest on  
16 the bonds as provided in the bond resolution.

17 (n) Any amount remaining in the debt service reserve after all of the  
18 bonds of the issue for which the debt service reserve was established  
19 have matured shall be:

20 (1) deposited in the allocation fund established under section  
21 39(b)(3) of this chapter; and

22 (2) to the extent permitted by law, transferred to the county or  
23 municipality that established the department of redevelopment for  
24 use in reducing the county's or municipality's property tax levies  
25 for debt service.

26 (o) If bonds are issued under this chapter that are payable solely or  
27 in part from revenues to the redevelopment commission from a project  
28 or projects, the redevelopment commission may adopt a resolution or  
29 trust indenture or enter into covenants as is customary in the issuance  
30 of revenue bonds. The resolution or trust indenture may pledge or  
31 assign the revenues from the project or projects, but may not convey or  
32 mortgage any project or parts of a project. The resolution or trust  
33 indenture may also contain any provisions for protecting and enforcing  
34 the rights and remedies of the bond owners as may be reasonable and  
35 proper and not in violation of law, including covenants setting forth the  
36 duties of the redevelopment commission. The redevelopment  
37 commission may establish fees and charges for the use of any project  
38 and covenant with the owners of any bonds to set those fees and  
39 charges at a rate sufficient to protect the interest of the owners of the  
40 bonds. Any revenue bonds issued by the redevelopment commission  
41 that are payable solely from revenues of the commission shall contain  
42 a statement to that effect in the form of bond.





(p) If the total principal amount of bonds authorized by a resolution of the redevelopment commission adopted before July 1, 2008, is equal to or greater than three million dollars (\$3,000,000), the bonds may not be issued without the approval, by resolution, of the legislative body of the unit. Bonds authorized in any principal amount by a resolution of the redevelopment commission adopted after June 30, 2008, may not be issued without the approval of the legislative body of the unit.

SECTION 10. IC 36-7-14-25.2, AS AMENDED BY P.L.146-2008, SECTION 733, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 25.2. (a) **Subject to the prior approval of the fiscal body of the unit under subsection (c)**, a redevelopment commission may enter into a lease of any property that could be financed with the proceeds of bonds issued under this chapter with a lessor for a term not to exceed:

- (1) fifty (50) years, for a lease entered into before July 1, 2008; or
- (2) twenty-five (25) years, for a lease entered into after June 30, 2008.

The lease may provide for payments to be made by the redevelopment commission from special benefits taxes levied under section 27 of this chapter, taxes allocated under section 39 of this chapter, any other revenues available to the redevelopment commission, or any combination of these sources.

(b) A lease may provide that payments by the redevelopment commission to the lessor are required only to the extent and only for the period that the lessor is able to provide the leased facilities in accordance with the lease. The terms of each lease must be based upon the value of the facilities leased and may not create a debt of the unit or the district for purposes of the Constitution of the State of Indiana.

(c) A lease may be entered into by the redevelopment commission only after a public hearing by the redevelopment commission at which all interested parties are provided the opportunity to be heard. After the public hearing, the redevelopment commission may adopt a resolution authorizing the execution of the lease on behalf of the unit if it finds that the service to be provided throughout the term of the lease will serve the public purpose of the unit and is in the best interests of its residents. Any lease approved by a resolution of the redevelopment commission must **also** be approved by an ordinance **or resolution** of the fiscal body of the unit. **The approving ordinance or resolution of the fiscal body must include the following:**

- (1) **The maximum annual lease rental for the lease.**
- (2) **The maximum interest rate or rates, any provisions for redemption before maturity, and any provisions for the**



**payment of capitalized interest associated with the lease.**

**(3) The maximum term of the lease.**

(d) Upon execution of a lease providing for payments by the redevelopment commission in whole or in part from the levy of special benefits taxes under section 27 of this chapter and upon approval of the lease by the unit's fiscal body, the redevelopment commission shall publish notice of the execution of the lease and its approval in accordance with IC 5-3-1. Fifty (50) or more taxpayers residing in the redevelopment district who will be affected by the lease and who may be of the opinion that no necessity exists for the execution of the lease or that the payments provided for in the lease are not fair and reasonable may file a petition in the office of the county auditor within thirty (30) days after the publication of the notice of execution and approval. The petition must set forth the petitioners' names, addresses, and objections to the lease and the facts showing that the execution of the lease is unnecessary or unwise or that the payments provided for in the lease are not fair and reasonable, as the case may be.

(e) Upon the filing of the petition, the county auditor shall immediately certify a copy of it, together with such other data as may be necessary in order to present the questions involved, to the department of local government finance. Upon receipt of the certified petition and information, the department of local government finance shall fix a time and place for a hearing in the redevelopment district, which must be not less than five (5) or more than thirty (30) days after the time is fixed. Notice of the hearing shall be given by the department of local government finance to the members of the fiscal body, to the redevelopment commission, and to the first fifty (50) petitioners on the petition by a letter signed by the commissioner or deputy commissioner of the department and enclosed with fully prepaid postage sent to those persons at their usual place of residence, at least five (5) days before the date of the hearing. The decision of the department of local government finance on the appeal, upon the necessity for the execution of the lease, and as to whether the payments under it are fair and reasonable, is final.

(f) A redevelopment commission entering into a lease payable from allocated taxes under section 39 of this chapter or other available funds of the redevelopment commission may:

- (1) pledge the revenue to make payments under the lease pursuant to IC 5-1-14-4; and
- (2) establish a special fund to make the payments.

(g) Lease rentals may be limited to money in the special fund so that the obligations of the redevelopment commission to make the lease



1 rental payments are not considered debt of the unit or the district for  
2 purposes of the Constitution of the State of Indiana.

3 (h) Except as provided in this section, no approvals of any  
4 governmental body or agency are required before the redevelopment  
5 commission enters into a lease under this section.

6 (i) An action to contest the validity of the lease or to enjoin the  
7 performance of any of its terms and conditions must be brought within  
8 thirty (30) days after the publication of the notice of the execution and  
9 approval of the lease. However, if the lease is payable in whole or in  
10 part from tax levies and an appeal has been taken to the department of  
11 local government finance, an action to contest the validity or enjoin the  
12 performance must be brought within thirty (30) days after the decision  
13 of the department.

14 (j) If a redevelopment commission exercises an option to buy a  
15 leased facility from a lessor, the redevelopment commission may  
16 subsequently sell the leased facility, without regard to any other statute,  
17 to the lessor at the end of the lease term at a price set forth in the lease  
18 or at fair market value established at the time of the sale by the  
19 redevelopment commission through auction, appraisal, or arms length  
20 negotiation. If the facility is sold at auction, after appraisal, or through  
21 negotiation, the redevelopment commission shall conduct a hearing  
22 after public notice in accordance with IC 5-3-1 before the sale. Any  
23 action to contest the sale must be brought within fifteen (15) days of  
24 the hearing.

25 SECTION 11. IC 36-7-14-27, AS AMENDED BY P.L.203-2011,  
26 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 JULY 1, 2014]: Sec. 27. (a) This section applies only to:

- 28 (1) bonds that are issued under section 25.1 of this chapter; and
- 29 (2) leases entered into under section 25.2 of this chapter;

30 which are payable from a special tax levied upon all of the property in  
31 the special taxing district. This section does not apply to bonds or  
32 leases that are payable solely from tax proceeds allocated under section  
33 39(b)(3) of this chapter, other revenues of the redevelopment  
34 commission, or any combination of these sources.

35 (b) The redevelopment commission, **with the prior approval of the**  
36 **legislative body**, shall levy each year a special tax on all of the  
37 property of the redevelopment taxing district, in such a manner as to  
38 meet and pay the principal of the bonds as they mature, together with  
39 all accruing interest on the bonds or lease rental payments under  
40 section 25.2 of this chapter. The commission shall cause the tax levied  
41 to be certified to the proper officers as other tax levies are certified, and  
42 to the auditor of the county in which the redevelopment district is



located, before the second day of October in each year. The tax shall be estimated and entered on the tax duplicate by the county auditor and shall be collected and enforced by the county treasurer in the same manner as other state and county taxes are estimated, entered, collected, and enforced. The amount of the tax levied to pay bonds or lease rentals payable from the tax levied under this section shall be reduced by any amount available in the allocation fund established under section 39(b)(3) of this chapter or other revenues of the redevelopment commission to the extent such revenues have been set aside in the redevelopment bond fund.

(c) As the tax is collected, it shall be accumulated in a separate fund to be known as the redevelopment district bond fund and shall be applied to the payment of the bonds as they mature and the interest on the bonds as it accrues, or to make lease payments and to no other purpose. All accumulations of the fund before their use for the payment of bonds and interest or to make lease payments shall be deposited with the depository or depositories for other public funds of the unit in accordance with IC 5-13, unless they are invested under IC 5-13-9.

(d) If there are no outstanding bonds that are payable solely or in part from tax proceeds allocated under section 39(b)(3) of this chapter and that were issued to pay costs of redevelopment in an allocation area that is located wholly or in part in the special taxing district, then all proceeds from the sale or leasing of property in the allocation area under section 22 of this chapter shall be paid into the redevelopment district bond fund and become a part of that fund. In arriving at the tax levy for any year, the redevelopment commission shall take into account the amount of the proceeds deposited under this subsection and remaining on hand.

(e) The tax levies provided for in this section are reviewable by other bodies vested by law with the authority to ascertain that the levies are sufficient to raise the amount that, with other amounts available, is sufficient to meet the payments under the lease payable from the levy of taxes.

SECTION 12. IC 36-7-14-27.5, AS AMENDED BY P.L.146-2008, SECTION 735, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 27.5. (a) **Subject to the prior approval by the legislative body of the unit**, the redevelopment commission may borrow money in anticipation of receipt of the proceeds of taxes levied for the redevelopment district bond fund and not yet collected, and may evidence this borrowing by issuing warrants of the redevelopment district. However, the aggregate principal amount of warrants issued in anticipation of and payable from the same tax



1 levy or levies may not exceed an amount equal to eighty percent (80%)  
 2 of that tax levy or levies, as certified by the department of local  
 3 government finance, or as determined by multiplying the rate of tax as  
 4 finally approved by the total assessed valuation (after deducting all  
 5 mortgage deductions) within the redevelopment district, as most  
 6 recently certified by the county auditor.

7 (b) The warrants may be authorized and issued at any time after the  
 8 tax or taxes in anticipation of which they are issued have been levied  
 9 by the redevelopment commission. For purposes of this section, taxes  
 10 for any year are considered to be levied upon adoption by the  
 11 commission of a resolution prescribing the tax levies for the year.  
 12 However, the warrants may not be delivered and paid for before final  
 13 approval of the tax levy or levies by the county board of tax adjustment  
 14 or, if appealed, by the department of local government finance, unless  
 15 the issuance of the warrants has been approved by the department.

16 (c) All action that this section requires or authorizes the  
 17 redevelopment commission to take may be taken by resolution, which  
 18 need not be published or posted. The resolution takes effect  
 19 immediately upon its adoption by the redevelopment commission. An  
 20 action to contest the validity of tax anticipation warrants may not be  
 21 brought later than ten (10) days after the sale date.

22 (d) In their resolution authorizing the warrants, the redevelopment  
 23 commission must provide that the warrants mature at a time or times  
 24 not later than December 31 after the year in which the taxes in  
 25 anticipation of which the warrants are issued are due and payable.

26 (e) In their resolution authorizing the warrants, the redevelopment  
 27 commission may provide:

- 28 (1) the date of the warrants;
- 29 (2) the interest rate of the warrants;
- 30 (3) the time of interest payments on the warrants;
- 31 (4) the denomination of the warrants;
- 32 (5) the form either registered or payable to bearer, of the warrants;
- 33 (6) the place or places of payment of the warrants, either inside or
- 34 outside the state;
- 35 (7) the medium of payment of the warrants;
- 36 (8) the terms of redemption, if any, of the warrants, at a price not
- 37 exceeding par value and accrued interest;
- 38 (9) the manner of execution of the warrants; and
- 39 (10) that all costs incurred in connection with the issuance of the
- 40 warrants may be paid from the proceeds of the warrants.

41 (f) The warrants shall be sold for not less than par value, after notice  
 42 inviting bids has been published under IC 5-3-1. The redevelopment



1 commission may also publish the notice in other newspapers or  
2 financial journals.

3 (g) Warrants and the interest on them are not subject to any  
4 limitation contained in section 25.1 of this chapter, and are payable  
5 solely from the proceeds of the tax levy or levies in anticipation of  
6 which the warrants were issued. The authorizing resolution must  
7 pledge a sufficient amount of the proceeds of the tax levy or levies to  
8 the payment of the warrants and the interest.

9 SECTION 13. IC 36-7-14-39, AS AMENDED BY P.L.218-2013,  
10 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
11 JULY 1, 2014]: Sec. 39. (a) As used in this section:

12 "Allocation area" means that part of a redevelopment project area  
13 to which an allocation provision of a declaratory resolution adopted  
14 under section 15 of this chapter refers for purposes of distribution and  
15 allocation of property taxes.

16 "Base assessed value" means the following:

17 (1) If an allocation provision is adopted after June 30, 1995, in a  
18 declaratory resolution or an amendment to a declaratory  
19 resolution establishing an economic development area:

20 (A) the net assessed value of all the property as finally  
21 determined for the assessment date immediately preceding the  
22 effective date of the allocation provision of the declaratory  
23 resolution, as adjusted under subsection (h); plus

24 (B) to the extent that it is not included in clause (A), the net  
25 assessed value of property that is assessed as residential  
26 property under the rules of the department of local government  
27 finance, as finally determined for any assessment date after the  
28 effective date of the allocation provision.

29 (2) If an allocation provision is adopted after June 30, 1997, in a  
30 declaratory resolution or an amendment to a declaratory  
31 resolution establishing a redevelopment project area:

32 (A) the net assessed value of all the property as finally  
33 determined for the assessment date immediately preceding the  
34 effective date of the allocation provision of the declaratory  
35 resolution, as adjusted under subsection (h); plus

36 (B) to the extent that it is not included in clause (A), the net  
37 assessed value of property that is assessed as residential  
38 property under the rules of the department of local government  
39 finance, as finally determined for any assessment date after the  
40 effective date of the allocation provision.

41 (3) If:

42 (A) an allocation provision adopted before June 30, 1995, in



- 1 a declaratory resolution or an amendment to a declaratory  
 2 resolution establishing a redevelopment project area expires  
 3 after June 30, 1997; and  
 4 (B) after June 30, 1997, a new allocation provision is included  
 5 in an amendment to the declaratory resolution;  
 6 the net assessed value of all the property as finally determined for  
 7 the assessment date immediately preceding the effective date of  
 8 the allocation provision adopted after June 30, 1997, as adjusted  
 9 under subsection (h).  
 10 (4) Except as provided in subdivision (5), for all other allocation  
 11 areas, the net assessed value of all the property as finally  
 12 determined for the assessment date immediately preceding the  
 13 effective date of the allocation provision of the declaratory  
 14 resolution, as adjusted under subsection (h).  
 15 (5) If an allocation area established in an economic development  
 16 area before July 1, 1995, is expanded after June 30, 1995, the  
 17 definition in subdivision (1) applies to the expanded part of the  
 18 area added after June 30, 1995.  
 19 (6) If an allocation area established in a redevelopment project  
 20 area before July 1, 1997, is expanded after June 30, 1997, the  
 21 definition in subdivision (2) applies to the expanded part of the  
 22 area added after June 30, 1997.  
 23 Except as provided in section 39.3 of this chapter, "property taxes"  
 24 means taxes imposed under IC 6-1.1 on real property. However, upon  
 25 approval by a resolution of the redevelopment commission adopted  
 26 before June 1, 1987, "property taxes" also includes taxes imposed  
 27 under IC 6-1.1 on depreciable personal property. If a redevelopment  
 28 commission adopted before June 1, 1987, a resolution to include within  
 29 the definition of property taxes, taxes imposed under IC 6-1.1 on  
 30 depreciable personal property that has a useful life in excess of eight  
 31 (8) years, the commission may by resolution determine the percentage  
 32 of taxes imposed under IC 6-1.1 on all depreciable personal property  
 33 that will be included within the definition of property taxes. However,  
 34 the percentage included must not exceed twenty-five percent (25%) of  
 35 the taxes imposed under IC 6-1.1 on all depreciable personal property.  
 36 (b) A declaratory resolution adopted under section 15 of this chapter  
 37 on or before the allocation deadline determined under subsection (i)  
 38 may include a provision with respect to the allocation and distribution  
 39 of property taxes for the purposes and in the manner provided in this  
 40 section. A declaratory resolution previously adopted may include an  
 41 allocation provision by the amendment of that declaratory resolution on  
 42 or before the allocation deadline determined under subsection (i) in



1 accordance with the procedures required for its original adoption. A  
 2 declaratory resolution or an amendment that establishes an allocation  
 3 provision after June 30, 1995, must specify an expiration date for the  
 4 allocation provision. For an allocation area established before July 1,  
 5 2008, the expiration date may not be more than thirty (30) years after  
 6 the date on which the allocation provision is established. For an  
 7 allocation area established after June 30, 2008, the expiration date may  
 8 not be more than twenty-five (25) years after the date on which the first  
 9 obligation was incurred to pay principal and interest on bonds or lease  
 10 rentals on leases payable from tax increment revenues. However, with  
 11 respect to bonds or other obligations that were issued before July 1,  
 12 2008, if any of the bonds or other obligations that were scheduled when  
 13 issued to mature before the specified expiration date and that are  
 14 payable only from allocated tax proceeds with respect to the allocation  
 15 area remain outstanding as of the expiration date, the allocation  
 16 provision does not expire until all of the bonds or other obligations are  
 17 no longer outstanding. The allocation provision may apply to all or part  
 18 of the redevelopment project area. The allocation provision must  
 19 require that any property taxes subsequently levied by or for the benefit  
 20 of any public body entitled to a distribution of property taxes on taxable  
 21 property in the allocation area be allocated and distributed as follows:

22 (1) Except as otherwise provided in this section, the proceeds of  
 23 the taxes attributable to the lesser of:

24 (A) the assessed value of the property for the assessment date  
 25 with respect to which the allocation and distribution is made;

26 or

27 (B) the base assessed value;

28 shall be allocated to and, when collected, paid into the funds of  
 29 the respective taxing units.

30 (2) The excess of the proceeds of the property taxes imposed for  
 31 the assessment date with respect to which the allocation and  
 32 distribution is made that are attributable to taxes imposed after  
 33 being approved by the voters in a referendum or local public  
 34 question conducted after April 30, 2010, not otherwise included  
 35 in subdivision (1) shall be allocated to and, when collected, paid  
 36 into the funds of the taxing unit for which the referendum or local  
 37 public question was conducted.

38 (3) Except as otherwise provided in this section, property tax  
 39 proceeds in excess of those described in subdivisions (1) and (2)  
 40 shall be allocated to the redevelopment district and, when  
 41 collected, paid into an allocation fund for that allocation area that  
 42 may be used by the redevelopment district only to do one (1) or





more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to the taxing district.

STEP TWO: Divide:



(i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2 (before its repeal)) for that year as determined under IC 6-1.1-21-4 (before its repeal) that is attributable to the taxing district; by  
(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times  
(ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2 (before its repeal)) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and  
(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the



following:

(i) Make, when due, any payments required under clauses (A) through (K), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

The allocation fund may not be used for operating expenses of the commission.

(4) Except as provided in subsection (g), before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3), plus the amount necessary for other purposes described in subdivision (3).

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation of assessed value to the respective taxing units under this



subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3) or lessors under section 25.3 of this chapter.

**(C) If:**

**(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus**

**(ii) the amount necessary for other purposes described in subdivision (3);**

**the commission shall submit to the legislative body of the unit its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).**

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to



1 this section; or

2 (2) the base assessed value.

3 (g) If any part of the allocation area is located in an enterprise zone  
 4 created under IC 5-28-15, the unit that designated the allocation area  
 5 shall create funds as specified in this subsection. A unit that has  
 6 obligations, bonds, or leases payable from allocated tax proceeds under  
 7 subsection (b)(3) shall establish an allocation fund for the purposes  
 8 specified in subsection (b)(3) and a special zone fund. Such a unit  
 9 shall, until the end of the enterprise zone phase out period, deposit each  
 10 year in the special zone fund any amount in the allocation fund derived  
 11 from property tax proceeds in excess of those described in subsection  
 12 (b)(1) and (b)(2) from property located in the enterprise zone that  
 13 exceeds the amount sufficient for the purposes specified in subsection  
 14 (b)(3) for the year. The amount sufficient for purposes specified in  
 15 subsection (b)(3) for the year shall be determined based on the pro rata  
 16 portion of such current property tax proceeds from the part of the  
 17 enterprise zone that is within the allocation area as compared to all  
 18 such current property tax proceeds derived from the allocation area. A  
 19 unit that has no obligations, bonds, or leases payable from allocated tax  
 20 proceeds under subsection (b)(3) shall establish a special zone fund  
 21 and deposit all the property tax proceeds in excess of those described  
 22 in subsection (b)(1) and (b)(2) in the fund derived from property tax  
 23 proceeds in excess of those described in subsection (b)(1) and (b)(2)  
 24 from property located in the enterprise zone. The unit that creates the  
 25 special zone fund shall use the fund (based on the recommendations of  
 26 the urban enterprise association) for programs in job training, job  
 27 enrichment, and basic skill development that are designed to benefit  
 28 residents and employers in the enterprise zone or other purposes  
 29 specified in subsection (b)(3), except that where reference is made in  
 30 subsection (b)(3) to allocation area it shall refer for purposes of  
 31 payments from the special zone fund only to that part of the allocation  
 32 area that is also located in the enterprise zone. Those programs shall  
 33 reserve at least one-half (1/2) of their enrollment in any session for  
 34 residents of the enterprise zone.

35 (h) The state board of accounts and department of local government  
 36 finance shall make the rules and prescribe the forms and procedures  
 37 that they consider expedient for the implementation of this chapter.  
 38 After each general reassessment of real property in an area under  
 39 IC 6-1.1-4-4 and after each reassessment in an area under a  
 40 reassessment plan prepared under IC 6-1.1-4-4.2, the department of  
 41 local government finance shall adjust the base assessed value one (1)  
 42 time to neutralize any effect of the reassessment of the real property in



the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection:

(1) may not include the effect of phasing in assessed value due to property tax abatements under IC 6-1.1-12.1;

(2) may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(3) than would otherwise have been received if the general reassessment, the reassessment under the reassessment plan, or the annual adjustment had not occurred; and

(3) may decrease base assessed value only to the extent that assessed values in the allocation area have been decreased due to annual adjustments or the reassessment under the reassessment plan.

Assessed value increases attributable to the application of an abatement schedule under IC 6-1.1-12.1 may not be included in the base assessed value of an allocation area. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 14. IC 36-7-14-43, AS AMENDED BY P.L.146-2008, SECTION 740, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 43. (a) All of the rights, powers, privileges, and immunities that may be exercised by the commission in



1 a redevelopment project area or urban renewal area may be exercised  
 2 by the commission in an economic development area, subject to the  
 3 following:

4 (1) The content and manner of exercise of these rights, powers,  
 5 privileges, and immunities shall be determined by the purposes  
 6 and nature of an economic development area. **A right, power,  
 7 privilege, or immunity that pertains to issuing bonds or  
 8 incurring an obligation may not be exercised by a  
 9 redevelopment commission unless it is first specifically  
 10 authorized by the fiscal or legislative body of the unit,  
 11 whichever applies, regardless of any other law.**

12 (2) Real property (or interests in real property) relative to which  
 13 action is taken in an economic development area is not required  
 14 to meet the conditions described in IC 36-7-1-3.

15 (3) The special tax levied in accordance with section 27 of this  
 16 chapter may be used to carry out activities under this chapter in  
 17 economic development areas.

18 (4) Bonds may be issued in accordance with section 25.1 of this  
 19 chapter to defray expenses of carrying out activities under this  
 20 chapter in economic development areas if no other revenue  
 21 sources are available for this purpose.

22 (5) The tax exemptions set forth in section 37 of this chapter are  
 23 applicable in economic development areas.

24 (6) An economic development area may be an allocation area for  
 25 the purposes of distribution and allocation of property taxes.

26 (7) The commission may not use its power of eminent domain  
 27 under section 20 of this chapter to carry out activities under this  
 28 chapter in an economic development area.

29 (b) The content and manner of discharge of duties set forth in  
 30 section 11 of this chapter shall be determined by the purposes and  
 31 nature of an economic development area.

32 SECTION 15. IC 36-7-14.5-7 IS AMENDED TO READ AS  
 33 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 7. (a) A \_\_\_\_\_  
 34 Redevelopment Authority (the blank to be filled in with a name  
 35 designated by the legislative body of the unit) may be created in the  
 36 unit as a separate body corporate and politic and as an instrumentality  
 37 of the unit to exercise any power granted to the authority under this  
 38 chapter.

39 (b) An authority may be created by ordinance of the legislative body  
 40 of the unit.

41 (c) **An authority is subject to the same laws, rules, and**  
 42 **ordinances of a general nature that apply to all other authorities**



1 **and departments of the unit. An authority is:**

2 **(1) subject to audit by the state board of accounts under**  
3 **IC 5-11;**

4 **(2) covered by IC 5-14-1.5 (the public meetings law); and**

5 **(3) covered by IC 5-14-3 (the public records law).**

6 SECTION 16. IC 36-7-14.5-9 IS AMENDED TO READ AS  
7 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 9. (a) Immediately after  
8 January 15 of each year, the board shall hold an organizational  
9 meeting. It shall elect one (1) of the members president, another vice  
10 president, and another secretary-treasurer to perform the duties of those  
11 offices. These officers serve from the date of their election and until  
12 their successors are elected and qualified. The board may elect an  
13 assistant secretary-treasurer. **The secretary-treasurer shall report**  
14 **quarterly to the fiscal officer of the unit that established the**  
15 **redevelopment authority.**

16 (b) Special meetings may be called by the president of the board or  
17 any two (2) members of the board.

18 (c) A majority of the members constitutes a quorum, and the  
19 concurrence of a majority of the members is necessary to authorize any  
20 action.

21 SECTION 17. IC 36-7-14.5-13 IS AMENDED TO READ AS  
22 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 13. (a) Bonds issued  
23 under IC 36-7-14 may be refunded as provided in this section.

24 **(b) Subject to the prior approval of the fiscal body of the unit**  
25 **under IC 36-7-14-25.2, the commission may:**

26 (1) lease all or a portion of a local public improvement or  
27 improvements to the authority, which may be at a nominal lease  
28 rental with a lease back to the commission, conditioned upon the  
29 authority assuming bonds issued under IC 36-7-14 and issuing its  
30 bonds to refund those bonds; and

31 (2) sell all or a portion of a local public improvement or  
32 improvements to the authority for a price sufficient to provide for  
33 the refunding of those bonds and lease back the local public  
34 improvement or improvements from the authority.

35 SECTION 18. IC 36-7-14.5-14 IS AMENDED TO READ AS  
36 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 14. (a) Before a lease  
37 may be entered into, the commission must:

38 **(1) find that the lease rental provided for is fair and reasonable;**  
39 **and**

40 **(2) obtain the prior approval of the fiscal body of the unit**  
41 **under IC 36-7-14-25.2.**

42 (b) A lease of local public improvements from the authority to the





commission:

- (1) must comply with IC 36-7-14-25.2 or IC 36-7-30-20;
- (2) may not require payment of lease rental for a newly constructed local public improvement or for improvements to an existing local public improvement except to the extent that the local public improvement or improvements thereto have been completed and are ready for occupancy or use;
- (3) may contain provisions:
  - (A) allowing the commission to continue to operate an existing local public improvement until completion of the improvements, reconstruction, or renovation; and
  - (B) requiring payment of lease rentals for an existing local public improvement being used, reconstructed, or renovated;
- (4) may contain an option to renew the lease for the same or shorter term on the conditions provided in the lease;
- (5) must contain an option for the commission to purchase the local public improvement upon the terms stated in the lease during the term of the lease for a price equal to the amount required to pay all indebtedness incurred on account of the local public improvement, including indebtedness incurred for the refunding of that indebtedness;
- (6) may be entered into before acquisition or construction of a local public improvement;
- (7) may provide that the commission shall agree to:
  - (A) pay all taxes and assessments thereon;
  - (B) maintain insurance thereon for the benefit of the authority; and
  - (C) assume responsibility for utilities, repairs, alterations, and any costs of operation; and
- (8) may provide that the lease rental payments by the commission shall be made from any one (1) or more of the sources set forth in IC 36-7-14-25.2 or IC 36-7-30-20.

SECTION 19. IC 36-7-14.5-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 18. (a) The commission may lease for a nominal lease rental, or sell to the authority, one (1) or more local public improvements or portions thereof or land upon which a local public improvement is located or is to be constructed.

(b) Any lease of all or a portion of a local public improvement by the commission to the authority must be for a term equal to the term of the lease of that local public improvement back to the redevelopment commission.

(c) **Subject to the prior approval of the fiscal body of the unit**



1 **under IC 36-7-14-25.2**, the commission may sell property to the  
 2 authority for such amount as **it the commission** determines to be in the  
 3 best interest of the commission, which amount may be paid from the  
 4 proceeds of bonds of the authority.

5 SECTION 20. IC 36-7-14.5-19 IS AMENDED TO READ AS  
 6 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 19. (a) **Subject to the**  
 7 **prior approval of the legislative body of the unit under**  
 8 **IC 36-7-14-25.1**, the authority may issue bonds for the purpose of  
 9 obtaining money to pay the cost of:

- 10 (1) acquiring property;
- 11 (2) constructing, improving, reconstructing, or renovating one (1)
- 12 or more local public improvements; or
- 13 (3) funding or refunding bonds issued under this chapter or
- 14 IC 36-7-14.

15 (b) The bonds are payable solely from the lease rentals from the  
 16 lease of the local public improvement for which the bonds were issued,  
 17 insurance proceeds, and any other funds pledged or available.

18 (c) The bonds shall be authorized by a resolution of the board.

19 (d) The terms and form of the bonds shall either be set out in the  
 20 resolution or in a form of trust indenture approved by the resolution.

21 (e) The bonds shall mature within fifty (50) years.

22 (f) The board shall sell the bonds at public or private sale upon such  
 23 terms as determined by the board.

24 (g) All money received from any bonds issued under this chapter  
 25 shall be applied solely to the payment of the cost of the acquisition or  
 26 construction, or both, of local public improvements, or the cost of  
 27 refunding or refinancing outstanding bonds, for which the bonds are  
 28 issued. The cost may include:

- 29 (1) planning and development of the local public improvements
- 30 and all related buildings, facilities, structures, and improvements;
- 31 (2) acquisition of a site and clearing and preparing the site for
- 32 construction;
- 33 (3) equipment, facilities, structures, and improvements that are
- 34 necessary or desirable to make the local public improvements that
- 35 are necessary or desirable to make the local public improvements
- 36 suitable for use and operations;
- 37 (4) architectural, engineering, consultant, and attorney fees;
- 38 (5) incidental expenses in connection with the issuance and sale
- 39 of bonds;
- 40 (6) reserves for principal and interest;
- 41 (7) interest during construction and for a period thereafter
- 42 determined by the board, but in no event to exceed five (5) years;



- (8) financial advisory fees;
- (9) insurance during construction;
- (10) municipal bond insurance, debt service reserve insurance, letters of credit, or other credit enhancement; and
- (11) in the case of refunding or refinancing, payment of the principal of, redemption premiums, if any, and interest on, the bonds being refunded or refinanced.

SECTION 21. IC 36-7-14.5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 21. (a) The authority may secure bonds issued under this chapter by a trust indenture between the authority and a corporate trustee, which may be any trust company or national or state bank within Indiana that has trust powers.

**(b) Before a trust indenture may be entered into, the authority must obtain the prior approval of the fiscal body of the unit under IC 36-7-14-25.2.** The trust indenture may:

- (1) pledge or assign lease rentals, receipts, and income from leased local public improvements, but may not mortgage land or local public improvements;
- (2) contain reasonable and proper provisions for protecting and enforcing the rights and remedies of the bondholders, including covenants setting forth the duties of the authority and board;
- (3) set forth the rights and remedies of bondholders and trustee; and
- (4) restrict the individual right of action of bondholders.

(c) Any pledge or assignment made by the authority under this section **and approved by the fiscal body of the unit** is valid and binding in accordance with IC 5-1-14-4 from the time that the pledge or assignment is made, against all persons whether they have notice of the lien or not. Any trust indenture by which a pledge is created or an assignment need not be filed or recorded. The lien is perfected against third parties in accordance with IC 5-1-14-4.

SECTION 22. IC 36-7-14.5-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 22. If the commission exercises its option to purchase leased property, it may, **subject to the prior approval of the legislative body of the unit under IC 36-7-14-25.1**, issue its bonds as authorized by statute.

SECTION 23. IC 36-7-15.1-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 3.5. (a) The controller of the consolidated city is the fiscal officer of a commission subject to this chapter.**

**(b) The controller may obtain financial services on a contractual**



1 basis for purposes of carrying out the powers and duties of the  
 2 commission and protecting the public interests related to the  
 3 operations and funding of the commission. The controller has  
 4 charge over and is responsible for the administration, investment,  
 5 and disbursement of all funds and accounts of the authority in  
 6 accordance with the requirements of state law that apply to other  
 7 funds and accounts administered by the controller.

8 SECTION 24. IC 36-7-15.1-12, AS AMENDED BY P.L.185-2005,  
 9 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 10 JULY 1, 2014]: Sec. 12. (a) If no appeal is taken, or if an appeal is  
 11 taken but is unsuccessful, the commission shall proceed with the  
 12 proposed project, to the extent that money is available for that purpose.

13 (b) The commission shall first approve and adopt a list of the real  
 14 property and interests in real property to be acquired, and the price to  
 15 be offered to the owner of each parcel or interests. The prices to be  
 16 offered may not exceed the average of two (2) independent appraisals  
 17 of fair market value procured by the commission, except that appraisals  
 18 are not required in transactions with other governmental agencies.  
 19 However, if the real property is less than five (5) acres in size and the  
 20 fair market value of the real property or interest has been appraised by  
 21 one (1) independent appraiser at less than ten thousand dollars  
 22 (\$10,000), the second appraisal may be made by a qualified employee  
 23 of the department. The prices indicated on the list may not be exceeded  
 24 unless specifically authorized by the commission under section 7 of  
 25 this chapter or ordered by a court in condemnation proceedings. The  
 26 commission may except from acquisition any real property in the area  
 27 if it finds that such an acquisition is not necessary under the  
 28 redevelopment plan. Appraisals made under this section are for the  
 29 information of the commission and are not open for public inspection.

30 (c) Negotiations for the purchase of property may be carried on  
 31 directly by the commission, by its employees, or by expert negotiators  
 32 employed for that purpose. The commission shall adopt a standard  
 33 form of option for use in negotiations, but no option, contract, or  
 34 understanding relative to the purchase of real property is binding on the  
 35 commission until approved and accepted by the commission in writing.  
 36 The commission may authorize the payment of a nominal fee to bind  
 37 an option, and as a part of the consideration for conveyance may agree  
 38 to pay the expense incident to the conveyance and determination of the  
 39 title of the property. Payment for the property purchased shall be made  
 40 when and as directed by the commission, but only on delivery of proper  
 41 instruments conveying the title or interest of the owner to "City of  
 42 \_\_\_\_\_ for the use and benefit of its Department of Metropolitan



1 Development". **Notwithstanding the other provisions of this**  
 2 **subsection, any agreement by the commission to make payments**  
 3 **for the property purchased over a term exceeding five (5) years is**  
 4 **subject to the prior approval of the legislative body of the unit.**

5 (d) Notwithstanding subsections (a) through (c), the commission  
 6 may, before the time referred to in this section, accept gifts of property  
 7 needed for the redevelopment of redevelopment project areas. The  
 8 commission may, before the time referred to in this section, take  
 9 options on or contract for the acquisition of property needed for the  
 10 redevelopment of redevelopment project areas if the options and  
 11 contracts are not binding on the commission or the redevelopment  
 12 district until the time referred to in this section and until money is  
 13 available to pay the consideration set out in the options or contracts.

14 (e) Section 15(a) through 15(h) of this chapter does not apply to  
 15 exchanges of real property (or interests in real property) in connection  
 16 with the acquisition of real property (or interests in real property) under  
 17 this section. In acquiring real property (or interests in real property)  
 18 under this section the commission may, as an alternative to offering  
 19 payment of money as specified in subsection (b), offer for the real  
 20 property (or interest in real property) that the commission desires to  
 21 acquire:

- 22 (1) exchange of real property or interests in real property owned
- 23 by the redevelopment district;
- 24 (2) exchange of real property or interests in real property owned
- 25 by the redevelopment district, along with the payment of money
- 26 by the commission; or
- 27 (3) exchange of real property or interests in real property owned
- 28 by the redevelopment district along with the payment of money by
- 29 the owner of the real property or interests in real property that the
- 30 commission desires to acquire.

31 The commission shall have the fair market value of the real property or  
 32 interests in real property owned by the redevelopment district appraised  
 33 as specified in section 15(b) of this chapter. The appraisers may not  
 34 also appraise the value of the real property or interests in real property  
 35 to be acquired by the redevelopment district. The commission shall  
 36 establish the nature of the offer to the owner based on the difference  
 37 between the average of the two (2) appraisals of the fair market value  
 38 of the real property or interests in real property to be acquired by the  
 39 commission and the average of the appraisals of fair market value of  
 40 the real property or interests in real property to be exchanged by the  
 41 commission.

42 SECTION 25. IC 36-7-15.1-26, AS AMENDED BY P.L.112-2012,



SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).



(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.

(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes, taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from



1 tax increment revenues. However, with respect to bonds or other  
 2 obligations that were issued before July 1, 2008, if any of the bonds or  
 3 other obligations that were scheduled when issued to mature before the  
 4 specified expiration date and that are payable only from allocated tax  
 5 proceeds with respect to the allocation area remain outstanding as of  
 6 the expiration date, the allocation provision does not expire until all of  
 7 the bonds or other obligations are no longer outstanding. The allocation  
 8 provision may apply to all or part of the redevelopment project area.  
 9 The allocation provision must require that any property taxes  
 10 subsequently levied by or for the benefit of any public body entitled to  
 11 a distribution of property taxes on taxable property in the allocation  
 12 area be allocated and distributed as follows:

13 (1) Except as otherwise provided in this section, the proceeds of  
 14 the taxes attributable to the lesser of:

15 (A) the assessed value of the property for the assessment date  
 16 with respect to which the allocation and distribution is made;

17 or

18 (B) the base assessed value;

19 shall be allocated to and, when collected, paid into the funds of  
 20 the respective taxing units.

21 (2) The excess of the proceeds of the property taxes imposed for  
 22 the assessment date with respect to which the allocation and  
 23 distribution is made that are attributable to taxes imposed after  
 24 being approved by the voters in a referendum or local public  
 25 question conducted after April 30, 2010, not otherwise included  
 26 in subdivision (1) shall be allocated to and, when collected, paid  
 27 into the funds of the taxing unit for which the referendum or local  
 28 public question was conducted.

29 (3) Except as otherwise provided in this section, property tax  
 30 proceeds in excess of those described in subdivisions (1) and (2)  
 31 shall be allocated to the redevelopment district and, when  
 32 collected, paid into a special fund for that allocation area that may  
 33 be used by the redevelopment district only to do one (1) or more  
 34 of the following:

35 (A) Pay the principal of and interest on any obligations  
 36 payable solely from allocated tax proceeds that are incurred by  
 37 the redevelopment district for the purpose of financing or  
 38 refinancing the redevelopment of that allocation area.

39 (B) Establish, augment, or restore the debt service reserve for  
 40 bonds payable solely or in part from allocated tax proceeds in  
 41 that allocation area.

42 (C) Pay the principal of and interest on bonds payable from





1 allocated tax proceeds in that allocation area and from the  
2 special tax levied under section 19 of this chapter.

3 (D) Pay the principal of and interest on bonds issued by the  
4 consolidated city to pay for local public improvements that are  
5 physically located in or physically connected to that allocation  
6 area.

7 (E) Pay premiums on the redemption before maturity of bonds  
8 payable solely or in part from allocated tax proceeds in that  
9 allocation area.

10 (F) Make payments on leases payable from allocated tax  
11 proceeds in that allocation area under section 17.1 of this  
12 chapter.

13 (G) Reimburse the consolidated city for expenditures for local  
14 public improvements (which include buildings, parking  
15 facilities, and other items set forth in section 17 of this  
16 chapter) that are physically located in or physically connected  
17 to that allocation area.

18 (H) Reimburse the unit for rentals paid by it for a building or  
19 parking facility that is physically located in or physically  
20 connected to that allocation area under any lease entered into  
21 under IC 36-1-10.

22 (I) Reimburse public and private entities for expenses incurred  
23 in training employees of industrial facilities that are located:

- 24 (i) in the allocation area; and
- 25 (ii) on a parcel of real property that has been classified as
- 26 industrial property under the rules of the department of local
- 27 government finance.

28 However, the total amount of money spent for this purpose in  
29 any year may not exceed the total amount of money in the  
30 allocation fund that is attributable to property taxes paid by the  
31 industrial facilities described in this clause. The  
32 reimbursements under this clause must be made within three  
33 (3) years after the date on which the investments that are the  
34 basis for the increment financing are made.

35 (J) Pay the costs of carrying out an eligible efficiency project  
36 (as defined in IC 36-9-41-1.5) within the unit that established  
37 the redevelopment commission. However, property tax  
38 proceeds may be used under this clause to pay the costs of  
39 carrying out an eligible efficiency project only if those  
40 property tax proceeds exceed the amount necessary to do the  
41 following:

- 42 (i) Make, when due, any payments required under clauses



(A) through (I), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

The special fund may not be used for operating expenses of the commission.

(4) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3) plus the amount necessary for other purposes described in subdivision (3) and subsection (g).

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3).

**(C) If:**



(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus

(ii) the amount necessary for other purposes described in subdivision (3) and subsection (g);

the commission shall submit to the legislative body of the unit the commission's determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area



shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish an allocation fund for the purposes specified in subsection (b)(3) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(3) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(3). However, where reference is made in subsection (b)(3) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment of real property in an area under IC 6-1.1-4-4 and after each reassessment under a reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government finance shall adjust the base assessed value one (1) time to neutralize



any effect of the reassessment of the real property in the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(3) than would otherwise have been received if the general reassessment, reassessment under the reassessment plan, or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

**SECTION 26. [EFFECTIVE JULY 1, 2014] (a) IC 36-7-14, as amended by this act, applies to an obligation entered into or incurred by a redevelopment commission after June 30, 2014.**

**(b) IC 36-7-14-25.1, as amended by this act, applies to bonds for which a bond resolution is adopted after June 30, 2014.**

**(c) IC 36-7-14-25.2, as amended by this act, applies to a lease for which a public hearing is held under IC 36-7-14-25.2(c) after June 30, 2014.**

**(d) IC 36-7-14-27.5, as amended by this act, applies to warrants issued after June 30, 2014.**

**(e) This SECTION expires July 1, 2015.**

